

BEFORE THE
POSTAL REGULATORY COMMISSION
WASHINGTON, D.C. 20268-0001

In the Matter of:

Alvord Post Office
Alvord, IA 51230
(Dr. and Mrs. Robert Hodgson, Petitioners)

Docket No. A2012-94

UNITED STATES POSTAL SERVICE COMMENTS REGARDING APPEAL
(January 26, 2012)

The Postal Regulatory Commission (the “Commission”) received eight pieces of correspondence from postal customers, (Petitioners) objecting to the discontinuance of the Post Office at Alvord, Iowa (the “Alvord Post Office”).¹ The first petition for review received December 1, 2011, was filed by Dr. and Mrs. Robert Hodgson. The second petition for review received December 6, 2011, was filed by Jackie Knobloch. The third petition for review received December 6, 2011, was filed by Janet Newborg. The fourth petition for review received December 7, 2011, was filed by Joanne C. Smith. The fifth petition for review received December 9, 2011, was filed by Elaine Childress. The remaining petitions received on December 29 and January 4, 2012, were filed by Carolyn Hein, Rachel J. Schreurs, and Alice Metzger. Petitioners Newborg and Smith also submitted PS Forms 61, Participant Statements, on January 18, 2012.

By means of Order No. 1082, dated December 29, 2011, the Commission docketed the appeals, assigning PRC Docket No. A2012-94 as an appeal pursuant to 39 U.S.C. § 404(d). In accordance with Order No. 1082, the administrative record was filed with the Commission on December 15, 2011.

¹ This discontinuance was conducted pursuant to Handbook PO-101, dated August 2004, and updated with Postal Bulletin revisions through August 2, 2007.

Petitioners Newborg, Smith and Childress filed Participant Statements in support of their petitions on January 8 and 18, 2012.

The letters of appeal and Participant Statements raise four issues: (1) the impact on the provision of postal services, (2) the impact upon the Alvord community, (3) the calculation of economic savings expected to result from discontinuing the Alvord Post Office, and (4) the impact on employees. As reflected in the administrative record of this proceeding, the Postal Service gave each of the three issues serious consideration. Accordingly, the determination to discontinue the Alvord Post Office should be affirmed.

Background

The Final Determination To Close the Alvord, IA Post Office and Continue to Provide Service by Rural Route Service (“Final Determination” or “FD”),² as well as the administrative record, indicate that the Alvord Post Office provides EAS-11 level service to 97 Post Office Box or general delivery customers, 89 delivery customers and retail customers from 7:30 a.m. to 11:30 am and 12:30 4:15 p.m. Monday through Friday, and from 9:00 a.m. to 10:45 a.m. on Saturdays.³ The Postmaster of the Post Office retired on February 3, 2010.⁴ Since the Postmaster vacancy arose, a non-career employee was installed as an officer-in-charge (“OIC”) to operate the Post Office. The employee serving as the OIC and an additional non-career employee may be separated from the Postal

² The Final Determination can be found at Item 47 in the administrative record. All citations to the Final Determination will be to “FD at __,” rather than to Item 47. The FD page number refers to the pages as marked on the upper left of the document. Other items in the administrative record are referred to as “Item __.”

³ FD at 2; Item 18, Form 4920 at 1; Item 42, Updated Form 4920 at 1; Item 33, Proposal at 2.

⁴ *Id.*

Service, although attempts will be made to reassign them to authorized positions at a nearby facility.⁵ The average number of daily retail window transactions at the Post Office is 19, accounting for 18 minutes of retail workload daily.⁶ Revenue for the last three years is low: \$20,823 in FY 2008; \$21,123 in FY 2009; and \$19,694 in FY 2010.⁷

Upon implementation of the Final Determination, delivery and retail services will be provided by rural route service administered by the Rock Rapids Post Office, an EAS-18 level office, located 12 miles away, which has 263 unassigned Post Office Boxes.⁸ This service will continue upon implementation of the Final Determination.

The Postal Service followed the proper procedures that led to the posting of the Final Determination. All issues raised by the customers of the Alvord Post Office were considered and properly addressed by the Postal Service. The Postal Service complied with all notice requirements. In addition to the posting of the Proposal and Final Determination, customers received notice through other means. Questionnaires were distributed to all Post Office Box customers of the Post Office.⁹ Questionnaires were also available over the counter for retail customers at the Alvord Post Office.¹⁰ A letter from the Post Office Operations Manager, Cedar Rapids, Iowa, was also made available to postal customers, which advised customers that the Postal Service was evaluating whether the

⁵ FD at 10; Item 33, Proposal at 10; Item 41, Proposal (Revised) at 12.

⁶ FD at 2; Item 33, Proposal at 2.

⁷ FD at 2; Item 18, Form 4920; Item 33, Proposal at 2.

⁸ FD at 2; Item 18, Form 4920; Item 33, Proposal at 2.

⁹ Item 20, Questionnaire Instruction Letter, Item 21, Cover Letter for Questionnaire and Postal Service Questionnaire, at 1-3.

¹⁰ *Id.*

continued operation of the Alvord Post Office was warranted, and that effective and regular service could be provided through rural route delivery and retail services available at the Rock Rapids Post Office.¹¹ The letter invited customers to complete and return a customer questionnaire and to express their opinions about the service that they were receiving and the effects of a possible change involving rural route delivery. Seventy customers returned questionnaires, and the Postal Service responded.¹² In addition, representatives from the Postal Service were available at the Alvord Town Hall for a community meeting on April 14, 2011, to answer questions and provide information to customers.¹³ Seventy-three customers attended.¹⁴ Customers received formal notice of the Proposal and Final Determination through postings at nearby facilities. The Proposal was posted with an invitation for public comment at the Alvord, Doon, and Rock Rapids Post Offices for 60 days beginning June 20, 2011, and ending August 22, 2011.¹⁵

Seven customers returned comments in response to the “Invitation for Comments” after the Proposal was posted.¹⁶ The Postal Service addressed those concerns in letters to the customers.¹⁷ The Final Determination was posted at the Alvord, Doon, and Rock Rapids Post Offices beginning on November 23, 2011, as confirmed by the round-dated Final Determination cover sheets that appear in

¹¹ Item 21, Cover Letter for Questionnaire.

¹² Item 22, Returned Questionnaires and Postal Service Response Letters; Item 23, Analysis of Questionnaires.

¹³ Item 21, Cover Letter for Questionnaire.

¹⁴ Item 24, Community Meeting Roster.

¹⁵ In Rock Rapids, the round date stamp indicates that the Proposal was actually taken down on August 21, 2011. However, the Proposal was, nonetheless, posted for more than 60 days. Item 31, Instructions to Post Proposal; Item 32, Invitation for Comments; Item 33, Proposal.

¹⁶ Item 34, Comment Form; Item 38, Customer Comments and Postal Service Response Letters.

¹⁷ Item 38, Proposal Comments and Postal Service Response Letters.

the administrative record at Item 47. In light of a Postmaster vacancy; minimal workload; low revenue; the variety of delivery and retail options (including the convenience of rural delivery and retail service); no projected population, residential, commercial, or business growth in the area; minimal impact upon the community; and the expected financial savings, the Postal Service issued the Final Determination. Regular and effective postal services will continue to be provided to the Alvord community in a cost-effective manner upon implementation of the final determination.

Analysis

Each of the issues raised by the Petitioners is addressed in the paragraphs which follow.

Effect on Postal Services

Consistent with the mandate in 39 U.S.C. § 404(d)(2)(A)(iii) and as addressed throughout the administrative record, the Postal Service considered the effect of closing the Alvord Post Office on postal services provided to Alvord customers. The closing is premised upon providing regular and effective postal services to Alvord customers.

Petitioners express specific concerns regarding the availability of certain postal services, such as mailing large packages, and timely delivery of mail. These same concerns, in addition to others, were also raised by other Alvord customers in response to questionnaires, at the community meeting, and in comments to the proposal.¹⁸ These concerns were considered by the Postal

¹⁸ Item 22, Returned Questionnaires and Postal Service Response Letters; Item 25, Community Meeting Analysis; Item 38, Proposal Comments and Postal Service Response Letters.

Service alongside other issues pertaining to the impact of closing the Alvord Post Office upon the provision of postal services to Alvord customers.¹⁹

Petitioners contend that going to Rock Rapids Post Office for postal services will be inconvenient. However, the loss of retail services and Post Office Boxes at Alvord does not have a large impact on the quality of service provided by the Postal Service. As explained throughout the administrative record, rural carriers can perform many functions (at the same time that the carrier delivers the mail) that will avert the need to go to any Post Office, Rock Rapids or otherwise.²⁰

Petitioners state that it would be inconvenient to wait in inclement weather for the carrier and express concern for senior citizens. The Postal Service explained that carrier service is especially beneficial to many senior citizens and those who face special challenges because the carrier can provide delivery and retail services to customers' delivery receptacles.²¹ Customers do not have to make a special trip to the Post Office for service. Stamps by Mail and Money Order Application forms are available for customer convenience, and stamps are also available at many stores and gas stations, online at usps.com, or by calling 1-800-STAMP-24.²² Customers can also request special services, such as Certified, Registered, or Express Mail, Delivery Confirmation, Signature

¹⁹ FD at 2-6; Item 33, Proposal at 2-6.

²⁰ FD at 2-6; Item 33, Proposal at 2-6.

²¹ FD at 5; Item 22, Returned Questionnaires and Postal Service Response Letters at 57, 57a; Item 23, Analysis of Questionnaires at 4; Item 33, Proposal at 5; Item 38, Proposal Comments and Postal Service Response Letters at 3, 3a.

²² *Id.*

Confirmation, and COD from the carrier.²³ Further, most transactions do not require meeting the carrier at the mailbox.²⁴ Special provisions are made, on request, for hardship cases or special customer needs.²⁵

Petitioners raise concerns about the package delivery and pick up. As explained in the administrative record, rural carriers will deliver packages that fit in the customer's mail receptacle. If the package does not fit in the mail receptacle, the carrier will deliver the package up to ½ mile off the line of travel, at a designated place, such as on the customer's porch or under a carport.²⁶

Petitioners and the community raise several concerns regarding mail security, including that some mailboxes on the rural routes are not safe for mail delivery because of theft and leaving money in mailboxes for services such as stamp purchases is not safe. The Postal Service explained, however, that customers may place a lock on their mailboxes as long as the mailbox has a slot large enough to accommodate the customer's normal daily volume of mail.²⁷ If the customer chooses to lock the mailbox, the Postal Service will not accept a key for and will not open the customer's mailbox.²⁸ As part of the discontinuance process, a questionnaire was sent to the U.S. Postal Inspection Service concerning mail theft and vandalism in the Alvord Post Office area.²⁹ Postal

²³ FD at 4-5; Item 22, Returned Questionnaires and Postal Service Response Letters at 56; Item 33, Proposal at 4-5.

²⁴ FD at 4-5; Item 22, Returned Questionnaires and Postal Service Response Letters at 56; Item 33, Proposal at 4-5.

²⁵ *Id.*

²⁶ FD at 2; Item 22, Returned Questionnaires and Postal Service Response Letters at 8 – 8b; Item 23, Analysis of Questionnaires at 2; Item 33, Proposal at 2.

²⁷ FD at 3-4; Item 22, Returned Questionnaires and Postal Service Response Letters at 21 – 21b; Item 23, Analysis of Questionnaires; Item 33, Proposal at 3-4.

²⁸ *Id.*

²⁹ Item 14, Inspection Service Vandalism Reports.

Inspection Service records indicate that there were two recent records of mail theft or vandalism, including the incident on May 18, 2009, in which “several juveniles entered the lobby of the post office and did gain entry to come of the mail boxes.” The Postal Service is vigilant to mail theft and vandalism and will provide service to Alvord Post Office customers to help ensure mail security.

Petitioners have also raised concerns about the timely delivery of mail by rural route carrier. Obviously, the actual time the customer receives mail will be determined by the customer's location on the carrier's line of travel. And the USPS must also consider energy conservation measures when determining the schedule of the rural route. However, as explained in the Administrative Record, the USPS carefully considers the volume of mail for each route so that it can deliver the greatest amount of mail at the earliest possible hour.³⁰

Upon the implementation of the Final Determination, delivery and retail services will be provided by rural route delivery emanating from the Rock Rapids Post Office. In addition to rural route delivery, which is the recommended alternate service, customers may also receive postal services, including P.O. Box service, at the Rock Rapids Post Office, which is located twelve miles away. The window service hours of the Rock Rapids Post Office are from 8:30 a.m. to 4:30 p.m., Monday through Friday and from 8:00 a.m. to 10:00 p.m. on Saturdays.³¹ Thus, the Postal Service has properly concluded that all Alvord customers will continue to receive regular and effective service via rural route service.

Effect on Community

³⁰ FD at 3; Item 23, Analysis of Questionnaires, at 3; Item 33, Proposal, at 3.

³¹ FD at 2; Item 18, Form 4920; Item 33, Proposal at 2.

The Postal Service is obligated to consider the effect of its decision to close the Alvord Post Office upon the Alvord community. 39 U.S.C.

§ 404(d)(2)(A)(i). While the primary purpose of the Postal Service is to provide postal services, the statute recognizes the substantial role in community affairs often played by local Post Offices, and requires consideration of that role whenever the Postal Service proposes to discontinue a Post Office.

Alvord is an unincorporated rural community located in Lyon County. The community is administered politically by Mayor and Counsel. Police protection is provided by the Lyon County Sheriff. Fire protection is provided by the Alvord Fire Department.³² The questionnaires completed by Alvord customers indicate that, the community is comprised of retirees, self-employed individuals, and those who commute to work in nearby communities and work in local businesses.³³ The town has about 15 businesses and at least one church.³⁴

Petitioners raise concern that the discontinuance of the Alvord Post Office will result in a loss of identity for the community. Other community members raised similar concerns during the discontinuance process, and the Postal Service is cognizant of the importance of the Alvord Post Office to members of the community and extensively considered those issues, as reflected in the administrative record.³⁵

³² FD at 9; Item 16, Community Survey Fact Sheet; Item 33, Proposal at 8.

³³ See *generally* FD at 9; Item 22, Returned Questionnaires and Postal Service Response Letters; Item 33, Proposal at 8.

³⁴ FD at 9; Item 18, Form 4920; Item 33, Proposal at 8.

³⁵ FD, at 9-10; Item 23, Analysis of Questionnaires at 5; Item 25, Community Meeting Analysis, at 2; Item 33, Proposal at 8-9.

In response to the concern over community identity, the Postal Service noted that residents may continue to meet informally, socialize, and share information at other businesses, churches, and residences in town.³⁶ Nonetheless, the Postal Service determined that its customers could continue to receive effective postal services elsewhere. Communities generally require regular and effective postal services and these will continue to be provided to the Alvord community. In addition, the Postal Service has concluded that non-postal services provided by the Alvord Post Office can be provided by the Rock Rapids Post Office.

Thus, the Postal Service has met its burden, as set forth in 39 U.S.C. § 404(d)(2)(A)(i), by considering the effect of closing the Alvord Post Office on the community served by the Alvord Post Office.

Economic Savings

Postal officials also properly considered the economic savings that would result from the proposed closing, as provided under 39 U.S.C. § 404(d)(2)(A)(iv). The Postal Service estimates that rural route service would cost the Postal Service substantially less than maintaining the Alvord Post Office and would still provide regular and effective service.³⁷ The estimated annual savings associated with discontinuing the Alvord Post Office are \$33,686.³⁸ Economic factors are one of several factors that the Postal Service considered, and economic savings have been calculated as required for discontinuance studies, which is noted

³⁶ *Id.*

³⁷ FD at 10; Item 21, Cover Letter for Questionnaire; Item 41, Proposal to Close (Revised), at 12; Item 33, Proposal at 10.

³⁸ FD at 10; Item 29, Proposal Checklist at 2; Item 41, Proposal to Close (Revised), at 12; Item 33, Proposal at 10.

throughout the administrative record and consistent with the mandate in 39 U.S.C. § 404(d)(2)(A)(iv).³⁹

Petitioners question the Postal Service's calculation of economic savings with respect to the consistency of this discontinuance action with provisions in Title 39 providing. Here, however, a variety of factors inform the decision to discontinue the Alvord Post Office, including a Postmaster vacancy; minimal workload; low revenue; the variety of delivery and retail options (including the convenience of rural delivery and retail service); no projected population, residential, commercial, or business growth in the area; minimal impact upon the community; and the expected financial savings⁴⁰ Pursuant to 39 U.S.C. § 404(d)(2)(A)(iii), the Postal Service in determining whether to close a Post Office must consider whether such closing is consistent with the policy that the Postal Service provide "a maximum degree of effective and regular postal services to rural areas, communities, and small towns where post offices are not self-sustaining." The Postal Service's view is that the "maximum degree" obligation in section 101(b) must be read in the context of related statutory provisions. It is a directive to recognize that special consideration must be given to the greater likelihood of dependence on postal retail facilities for access to postal products and services in rural communities and small towns; however, this concern must be balanced with Congressional mandates that the Postal Service execute its mission efficiently and economically.⁴¹ In this case, the Postal Service analyzed,

³⁹ *Id.*

⁴⁰ FD at 2, 9-12; Item 16, Community Survey Sheet; Item 18, Form 4920; Item 33, Proposal, at 2, 8-10.

⁴¹ See Sections 101(a); 403(a), (b)(1) and (b)(3); 404(d)(2) and 3661(a).

among other factors, the Alvord Post Office's workload and revenue.⁴² The consideration of an office's workload and revenue is not inconsistent with the policies of Title 39, however, because analysis of workload and revenue does not imply that a small Post Office is operating at a deficit. The Postal Service then analyzed whether a maximum degree of effective and regular postal services to the area and community could be provided with rural delivery service in the absence of the Post Office, and the answer was affirmative.⁴³

Petitioners' letters of appeal also suggests that the Postal Service consider other strategies rather than closing rural offices with small budgets. The Postal Service has broad experience with and has considered other options, but must recognize its obligation to maintain postal facilities in conformity with reasonable economies of postal operations while maintaining ready access to essential postal services. Notwithstanding, the Postal Service is still obligated to operate efficiently and is responsible for formulating a specific proposal and evaluating it in the context of Title 39, U.S. Code, and applicable regulations. In this case, the Postal Service has determined that rural rote service, coupled with service at the Rock Rapids Post Office, is a reasonable solution that will yield economic savings. In so doing, the Postal Service is not required to evaluate and reject alternative proposals. In this case, the Postal Service's estimates are supported by record evidence, in accordance with the Postal Service's statutory obligations.

⁴² FD at 2, 9-12; Item 16, Community Survey Sheet; Item 18, Form 4920; Item 33, Proposal, at 2, 8-10.

⁴³ FD at 12; Item 15, Post Office Fact Sheet; Item 17, Alternate Service Options; Item 18, Form 4920; Item 33, Proposal at 10.

Petitioners also question use of a career employee's salary and fringe benefits as the basis of annual savings because the office has been operated by a noncareer employee at a lower cost. However, the economic savings calculation conducted as a part of a discontinuance study is forward-looking; that the Postal Service may have paid less in salary and benefits over the past years does not mean that it could count on those savings annually in the future. If the Alvord Post Office closes, one career slot will be eliminated. If the Post Office is not discontinued, that slot would have been filled with a career employee, and the salary and benefits to be paid would be as shown for a career employee.

Petitioner Schreurs claims that the Alvord Post Office should remain open, because it is profitable. There is a lack of evidence to support that claim.⁴⁴ However, the profitability of a Post Office is not determinative of whether it is the most cost-effective means of providing postal services. Indeed, the Final Determination to close the Alvord Post Office is premised on providing regular and effective postal services in the most cost-efficient manner. Accordingly, when evaluating a Post Office for discontinuance the Postal Service considers a variety of factors including, office workload; the availability of other delivery and retail options (including the convenience of delivery and retail services provided by rural carriers); the impact on the community; declining office revenues; the impact on employees, and the estimated financial savings. Here, the Postal Service correctly applied these factors when determining that regular and

⁴⁴ Petitioner Schreurs alleges that with the low cost of overhead and the lack of a Postmaster presently on staff that the office is profitable. However, there is no evidence to suggest that the costs to operate for 2010 were less than the \$19,594 that the office took in that year.

effective postal services could be more efficiently provided to the Alvord Community by rural route service.

The Petitioners also state that the savings estimate does not account for additional hours and mileage for the rural delivery carrier. However, the cost estimate includes a deduction of \$14,253 for the annual cost of replacement service.⁴⁵ The Postal Service reached this figure by calculating the cost of delivering to an additional 97 boxes, at two minutes per delivery, for a total annual cost for a rural carrier to perform delivery of \$14,253.⁴⁶ Further, the Postal Service has identified a one-time cost for the cluster box units will be \$11,844.75.⁴⁷

Petitioner Metzger questions whether the Postal Service should evaluate benefits and pensions offered to Postal Service employees, presumably in lieu of saving money by closing the Alvord Post Office. Petitioner Hein also suggests that the Postal Service consider keeping the Alvord Post Office open 4 hours per day in lieu of closing the facility. The Postal Service has broad experience with similar options, but the focus of this administrative action concerns whether service can be provided effectively and efficiently to the Alvord community. In this case, the Postal Service has determined that replacement service is a more cost-effective solution than maintaining the Alvord Post Office.

The Postal Service determined that rural route service is more cost-effective than maintaining the Alvord postal facility.⁴⁸ The Postal Service's

⁴⁵ FD at 10; Item 17, Alternate Service/Cost Options, at 2; Item 41, Proposal (Revised), at 11.

⁴⁶ *Id.*

⁴⁷ Memo to the Record, dated January 2, 2012.

⁴⁸ FD at 12; Item 33, Proposal at 10.

estimates are supported by record evidence, in accordance with the Postal Service's statutory obligations. The Postal Service, therefore, has considered the economic savings to the Postal Service resulting from such a closing, consistent with its statutory obligations and Commission precedent.⁴⁹

Effect on Postal Employees

As documented in the record, the impact on postal employees is minimal. The Postmaster retired on February 3, 2010.⁵⁰ A non-career employee was installed as the temporary OIC. The non-career PMR serving as the OIC may be separated from the Postal Service. The record shows that no other employee would be affected by this closing.⁵¹

Petitioner Newborg expresses concern about loss of employment in the community. The Postal Service understands and is sympathetic to this concern, but is also charged with responsibility to promote efficiency of operations. Consequently, this concern does not outweigh the other considerations cited in support of the FD.

Therefore, in making the determination, the Postal Service considered the effect of the closing on the employees at the Alvord Post Office, consistent with its statutory obligations.⁵²

Conclusion

As reflected throughout the administrative record, the Postal Service has followed the proper procedures and carefully considered the effect of closing the

⁴⁹ See 39 U.S.C. § 404(d)(2)(A)(iv).

⁵⁰ FD at 12; Item 33, Proposal at 10.

⁵¹ FD at 10; Item 33, Proposal at 10.

⁵² See 39 U.S.C. § 404(d)(2)(A)(ii).

Alvord Post Office on the provision of postal services and on the Alvord community, as well as the economic savings that would result from the proposed closing, the effect on postal employees, and other factors, consistent with the mandate of 39 U.S.C. § 404(d)(2)(A).

After taking all factors into consideration, the Postal Service determined that the advantages of discontinuance outweigh the disadvantages. In addition, the Postal Service concluded that after the discontinuance, the Postal Service will continue to provide effective and regular service to Alvord customers.⁵³ The Postal Service respectfully submits that this conclusion is consistent with and supported by the administrative record and is in accord with the policies stated in 39 U.S.C. § 404(d)(2)(A).

Accordingly, the Postal Service respectfully requests that the determination to close the Alvord Post Office be affirmed.

Respectfully submitted,

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⁵³ FD at 9.